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As U.S. House Votes to Pass Tough New Financial Reforms...

Historic Bill Will Prevent Future Financial Meltdowns, End Bailouts

(WASHINGTON, DC) - Congressman Russ Carnahan (MO-03) today voted to help pass strong new financial industry regulations that will protect consumers and end the era of taxpayer-funded bailouts, setting up common-sense rules to ensure Wall Street can no longer gamble with our economic futures. The U.S. House of Representatives approved the conference report for the Wall Street Reform and Consumer Protection Act by a vote of 237-192; if the Senate approves the conference report, which reconciles the two bodies' separately passed bills, the legislation will be sent to the President for his signature.

"One of the big lessons of the financial crisis is that we can't count on Wall Street to police themselves," said Carnahan. "We need tough, common-sense rules to prevent the Big Banks from ever again recklessly gambling with retirement funds, college savings, homes and businesses."

With Senate and House Republicans recently blocking passage of bills designed to help spur job growth and target assistance to Americans still struggling to find work, Carnahan urged the Senate to quickly approve the financial reforms to protect consumers and taxpayers.

"We must stand up for the people who have been hurt by the economic crisis, not the Big Banks who helped cause it in the first place," Carnahan said. "I strongly urge my colleagues in the Senate to act quickly on this legislation."

The legislation approved today will:

• Create a new Consumer Financial Protection Agency to protect families and small businesses. This new watchdog agency will do for financial products what the Food and Drug Administration does for medical safety and the Consumer Product Safety Commission does for consumer products, protecting consumers from hidden fees and deceptive practices, and ensuring they can get the clear, accurate information they need to shop for mortgages, credit cards, student loans and other financial products.

• End abusive predatory lending practices that occurred during the subprime lending frenzy.

• Shut down "too big to fail" financial firms before risky and irresponsible behavior threatens to bring down the entire economy.

• End costly taxpayer bailouts with new procedures to unwind failing companies that pose the greatest risk - paid for by the financial industry and not the taxpayers. Also eliminates the TARP as of July 1.

• Establish tough new rules on the riskiest financial practices that gambled with your money and caused the financial crash, like the credit default swaps that devastated AIG, and common sense regulation of derivatives and other complex financial products. Includes a strong "Volcker rule" that generally restricts large financial firms with commercial banking operations from trading in speculative investments.

• Implement tough enforcement and oversight with more enforcement power and funding for the Securities and Exchange Commission, including requiring registration of hedge funds and private equity funds; and enhanced oversight and transparency for credit rating agencies, whose seal of approval gave way to excessively risky practices that led to a financial collapse

• Rein in egregious executive compensation and retirement plans by allowing a ‘say on pay' for shareholders, requiring independent directors on compensation committees, and limiting bank executive risky pay practices that jeopardize banks' safety and soundness.

• Create new protections for small businesses facing out-of-control swipe fees that banks and other credit and debit card issuers charge these businesses for debit or prepaid-card purchases. As a result, merchants stand to save billions.

• Audit the Federal Reserve's emergency lending programs from the financial crisis and limits the Fed's emergency lending authority.

"Consumers should have peace-of-mind knowing that they are not going to be tricked by their banks and credit card companies," Carnahan said. "Just like we prevent companies from selling products that could hurt our families, we need common-sense rules and enforcement to stop lenders from selling financial products that can just as readily hurt our families, ruin our credit ratings and threaten our economy."

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